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COOPERATION BETWEEN THE ECONOMIC COMMISSION FOR EUROPE AND THE ORGANIZATION ON SECURITY AND COOPERATION IN EUROPE, INCLUDING THE CONCLUDING DOCUMENT OF THE REVIEW MEETING IN GENEVA (22-24 JANUARY 1996) AND THE FOURTH SESSION OF THE ECONOMIC FORUM IN PRAGUE (MARCH 1996), AS WELL AS ECONOMIC COOPERATION IN THE MEDITERRANEAN IN THE LIGHT OF THE FINAL ACT OF THE CSCE

Report by the Executive Secretary

I. COOPERATION BETWEEN THE ECONOMIC COMMISSION FOR EUROPE AND THE ORGANIZATION ON SECURITY AND COOPERATION IN EUROPE

1. Cooperation between ECE and the OSCE has been extended since the Commission's last session in the spirit of the Budapest Summit Declaration and decision F (50), while the respective roles of the two institutions in the field of economics has been clarified.

2. The suggestion at the Budapest Summit to convene an ad hoc informal group to meet in Vienna to undertake the preparation of the Economic Forum and its follow-up and the recommendation to establish a contact point with the UN/ECE, OECD, EBRD, IMF and World Bank in particular, have been implemented. As a result, OSCE delegations will be kept better informed regarding the activities of the above-mentioned organizations, while the latter will be able to contribute to the preparation of the Geneva meeting on the implementation of commitments contained in the Document of the Bonn Conference, and of the Fourth Economic Forum in March 1996. These initial contacts should be continued and extended, in order to allow the organizations concerned to prepare their response to problems identified by the OSCE and to facilitate real cooperation and a division of work between institutions.

3. The theme of the Third OSCE Economic Forum was "Regional Economic Cooperation in the Fields of Trade, Investment and Infrastructure". Pursuant to decision F (50), paragraph 3, the secretariat selected documents or extracts of documents prepared for the Commission related to the Forum's theme, adding brief introductions. 1/ Two further documents were specially prepared for the Forum: Meeting Transit Challenges through the Development of the Transport Infrastructure: ECE Trans-European North-South Motorway (TEM) and Trans-European Railway (TER), and Cooperation between the United Nations Economic Commission for Europe and the Organization on Security and Cooperation in Europe: Summary and Update of ECE Proposals to the Budapest Review Conference for Possible Follow-up Action to the Third OSCE Forum. In addition, the secretariat supplied moderators or rapporteurs for working groups and, in the group on infrastructures, the TEM and TER projects were presented as case studies.

4. For the Fourth Economic Forum, Prague, March 1996, the secretariat has again been invited to provide moderators and rapporteurs, as well as a contribution on the two main subjects of the Forum, on managing the social aspects and political risks in transition and on building an economic climate of confidence to promote security. These contributions are based on previous Bulletins and Surveys, in which the same issues have been raised on several occasions. The Fourth Forum will also provide an opportunity to look back on the seminars held in 1995 and to adopt the future programme, as well as to draw conclusions regarding the above-mentioned Geneva meeting.

5. In 1995, ECE contributed to the Sofia seminar on the trans-European role of infrastructure in maintaining stability and security in the Black Sea region. It also prepared a written contribution for the seminar on environmental rehabilitation. The secretariat's participation in OSCE seminars when they deal with ECE subjects is useful both for participants, who can take advantage of its expertise, and for the ECE itself, providing it with a means of making its activities known. According to past experience, however, the ECE, which has organized over 150 seminars since 1990, has found that their usefulness depends on careful targeting of both themes and guests, and on whether an institution is available to ensure the necessary follow-up. From that point of view, it is worth noting that at the Geneva meeting several delegations indicated that in areas of concern to the ECE, the latter should be involved in organizing OSCE seminars.

6. In reply to a request by the Permanent Council of the OSCE, and in conformity with the Commission's repeated requests for it to contribute to the CSCE/OSCE activities, the secretariat prepared a reference document on the implementation of commitments contained in the Document of the Bonn Conference on Economic Cooperation in Europe. This reference document, based chiefly on

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1/ Ways and means of promoting the expansion of trade in transition economies (E/ECE/1311 and Add.1 and 2); The impact of foreign direct investment on the trade of countries in transition: results of a preliminary survey (TRADE/R.617); Economic survey of Europe in 1994-1995: chapter I, "The ECE market and transition economies in early 1995".

the work of the Commission and its subsidiary bodies, also called on contributions by several organizations, including the EBRD, OECD and IMF. The very positive response it elicited is a tribute to the work of the Commission, whose image it should serve to enhance.

7. The secretariat's study shows that all the countries that took part in the Bonn Conference and those which have become independent since then have undertaken the reforms listed in the Bonn Document, and that those which are now in the most promising situation are the ones which undertook the reforms with the least delay and the greatest determination. This conclusion should strongly encourage those which have made least headway to persevere. While macroeconomic reforms have made good progress and have already produced results, microeconomic reforms are still incomplete and the institutions which have been set up are facing difficulties owing to a shortage of resources and qualified staff. Moreover, the conventions and standards which have been adopted are not always adhered to for lack of follow-up action. This indicates where the efforts of Governments and international cooperation would best be applied. It also explains why direct investments have amounted to less than anticipated. Lastly, the economic, social and human cost of the reforms has been much greater than anyone expected and the recent political backtracking is most probably due to disappointed expectations more than to any other reason. Every effort must therefore be made to ensure that the benefits of the reforms and recovery which are now appearing in a few countries should be extended to as many as possible. This is an area well worth exploring in discussions on the economic component of security in Europe.

II. ECONOMIC COOPERATION IN THE MEDITERRANEAN

8. This chapter presents a summary of ECE work related to the Mediterranean and an overview of the most recent activities undertaken in the subregion by other international organizations and institutions. It also outlines a number of strategic orientations for further involving the Mediterranean countries in ECE activities (see decision D (50), para. 4).

A. Past, on-going and proposed activities

9. For each ECE area of work, the table below summarizes the activities related to the Mediterranean in three categories:

- Regional activities of particular interest to Mediterranean countries;
- Activities specifically focused on Mediterranean countries;
- Information, studies and publication related to the Mediterranean subregion.

B. Recent activities undertaken in the Mediterranean by other international organizations and institutions

10. The increasing number of initiatives taken by international organizations and regional or subregional groupings to strengthen integration among countries of the Mediterranean and their cooperation with other countries reflects a renewed interest in the present situation and prospects of the region. These initiatives may however lead to duplication of effort and inconsistencies if there is insufficient information sharing and concertation among the various institutions concerned.

11. Against this background, and as agreed during a special meeting of Ambassadors from ECE member and non-member States of the Mediterranean region, the ECE secretariat made an inventory of existing mechanisms of cooperation and initiatives under way in the region (see annex). The following elements of this inventory can be highlighted:

(a) A number of United Nations organizations have developed programmes and projects in the Mediterranean region. Some have a wide scope in terms of geographical area and activities, such as the Blue Plan and the Mediterranean Action Plan, established within the UNEP Regional Seas Programme. It might be useful to collect information on these programmes and projects in a more systematic way to secure transparency and to stimulate the exchange of experiences and facilitate cooperation.

(b) At the Fifth Meeting of the OSCE Ministerial Council (Budapest, 7-8 December 1995), the participating States decided to intensify the dialogue with the five non-participating Mediterranean States: Algeria, Egypt, Israel, Morocco and Tunisia, now called "Mediterranean partners for cooperation". As requested by the Commission last year, the ECE secretariat intends to cooperate, in its areas of competence, with the informal open-ended contact group which has recently been established, at the expert level, within the framework of the OSCE Permanent Council in order to facilitate exchange of information.

(c) At the Euro-Mediterranean Ministerial Conference of Barcelona (27-28 November 1995), the European Union reiterated its willingness to strengthen the Euro-Mediterranean Partnership with a view to ensuring stability and prosperity in the Mediterranean. The Conference discussed the long-term prospects of the partnership along three main orientations: (i) strengthened political dialogue; (ii) development of economic and financial cooperation, and (iii) greater consideration of the human dimension. Concerning (ii), it is expected to establish a Euro-Mediterranean economic area based on free-trade, in accordance with the obligations arising from the World Trade Organization.

(d) The Parliamentary Assembly of the Council of Europe adopted in 1994 a recommendation on cooperation in the Mediterranean basin, covering the various fields of the work programme which are of prime importance for the region, such as environment and regional planning, democracy and local self-government, tolerance, demography and migration, youth and the historical

and cultural heritage. Other activities are envisaged in order to resolve social problems related to immigrants and refugees, to intensify technology transfer particularly in the field of alternative energy sources and to stimulate cooperation between research centres and universities.

C. Strategic orientations for further involving the Mediterranean countries in ECE activities

12. On the basis of the activities presented in Part (1) above and the consultations held by the Executive Secretary with representatives of ECE member and non-member States of the Mediterranean region, some possible strategic orientations for future ECE work in the region are given hereafter:

(a) Among the seminars and workshops organized by ECE and open to all member States, those of particular relevance to Mediterranean countries should be increased. The latter would thus have more opportunities to take advantage of these forums for exchanging experiences, sharing expertise and discussing policies on specific issues, e.g. renewable sources of energy or fire prevention and control.

(b) The participation of ECE Mediterranean countries in meetings dealing with the elaboration and implementation of norms and standards which can foster their trade relationships and their economic integration in the region as a whole should be further encouraged. Priority areas would include trade facilitation and standards on perishable produce.

(c) Similar orientations should be adopted to facilitate adherence of Mediterranean countries to the environmental conventions on water management, environmental impact assessment and industrial accidents, as well as to the Guidelines on Integrated Environment Management in Countries in Transition and to a number of legal instruments in the transport sector.

(d) These meetings should be opened to non-ECE member States of the Mediterranean region in order to inform them on the Conventions, norms and standards achieved under ECE auspices and to support their efforts in taking the necessary steps to apply these legal instruments or technical tools.

(e) Seminars specifically focused on Mediterranean countries could also be organized, depending on the availability of extrabudgetary resources.

(f) ECE and ECA should pursue their cooperation, together with the other relevant organizations, in activities related to the project on the Europe-Africa permanent link through the Strait of Gibraltar. It should be noted that the two regional commissions submitted a joint report to the 1995 ECOSOC session in this respect.

(g) Other activities will be pursued based on further consultations with the OSCE, European Union, Council of Europe and the United Nations system.

AREA OF WORK	REGIONAL ACTIVITIES OF PARTICULAR INTEREST TO MEDITERRANEAN COUNTRIES	ACTIVITIES SPECIFICALLY FOCUSED ON MEDITERRANEAN COUNTRIES	INFORMATION, STUDIES AND PUBLICATIONS RELATED TO THE MEDITERRANEAN SUBREGION
Environment	With two exceptions all European countries bordering the Mediterranean are signatories or parties to the Convention on Long-range Transboundary Air Pollution. Contacts were established with the Mediterranean Water Institute in Marseille (France), which has excellent contacts with the Maghreb States.	Support from Regional Adviser to prepare an International Expert Group Meeting on Integrated Coastal Area Management in the Mediterranean and Adriatic, organized by the International Center for Public Enterprises (Ljubljana, Nov. 1995). ECE/FAO workshop on water pollution and protection in agricultural practice (Zagreb, May 1966)	
Transport	A number of Mediterranean countries, including non-ECE members, are contracting parties to agreements and conventions on transport prepared under ECE auspices	ECE participates in follow-up to ECOSOC resolutions on the Project of Europe-Africa permanent link through the Strait of Gibraltar. The Inland Transport Committee works with three centres for transport study and training: CETMO (Barcelona, Spain), TRANSCEM (Volos, Greece) and TTC (Istanbul, Turkey)	
Statistics		The Bureau of the Conference of European Statisticians will consider a proposal for a seminar for Mediterranean countries, similar to that held in Palermo in 1992.	

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Economic Analysis	Up to 1990, the Economic Survey of Europe and Economic Bulletin for Europe included a special section on Southern Europe. Thought should be given to how to address economic issues related to the subregion in the future, taking account of resource constraints		
Trade	Proposed workshops: (i) Standards for fresh fruit and vegetables (to be held in Israel or another Mediterranean country); (ii) Investment promotion strategies and techniques for CIS (to be held in Israel). Several Mediterranean countries are actively involved in trade facilitation work of WP4, including one non-ECE member country (Morocco). Support provided by the Regional Adviser to transition countries of the Mediterranean region for implementing ECE recommendations on Trade Facilitation and EDIFACT.		Cooperation with the Governments of Turkey and Cyprus for disseminating investment information regarding CIS countries.

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Energy	Workshop on the use of solar energy (Israel, Aug. 1995) where a non-ECE member country also participated (Egypt). International Conference on Renewables for Electricity Generation, (Skopje, Sept. 1996). Three seminars in the framework of the Gas Centre: (i) Gas Prices Policies in Central and Eastern Europe (Slovenia, March 1996); (ii) Gas Tariffs and Rate-making in Economies in Transition (Turin, June 1996); (iii) Role of Foreign Direct Investment (Tunis, end 1996). Algeria and Tunisia participate in meetings of the Gas Centre as observers.	BSEC has established an Ad Hoc Group, with the participation of ECE, to prepare the layout of preliminary studies on electricity interconnections for the region	ECE contributed to a booklet on the energy situation in the BSEC region

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Industry and technology	Meeting on Ecological Applications of Innovative Membrane Technology in the Chemical Industry (Italy, May 1996) organized by the Working Party on the Chemical Industry. Ongoing project on development of SMEs (training, data bank, business information network, public infrastructure). Participation of the Regional Adviser in a Meeting of Ministers responsible for international economic relations and foreign trade (Skopje, March 1995), in the framework of the Central European Initiative.		Sales publication: Directory of Chemical Enterprises in the Enterprises in the European Mediterranean Region in 1994, produced by the Working Party on the Chemical Industry.
Agriculture and timber	Team of specialists on forest fire prevention and control, established by the Timber Committee. Seminar on forest, fire and global change (Russian Federation, August 1996).	Workshop envisaged, with the support of Israel, on strategies for afforestation and desertification in Mediterranean climates.	Forest fire statistics prepared in close cooperation with EU and FAO, and published in the Timber Bulletin, include Mediterranean countries where forest fires are a major problem.

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Human Settlements		The Group of Experts on Human Settlements Problems in Southern Europe, established in 1969, held a meeting on the Role of Rural Settlements and their Sustainable Development in the Context of Regional Planning (Romania, Sept. 1995). Next meeting will be on sustainable development of problem areas in South European historic centres, jointly organized by Greece and Egypt. Possible future direction for the Group: (i) support for implementation of the outcome of Habitat II; (ii) increased cooperation with other regional commissions and international organizations active in the subregion.	